

IN THE IOWA DISTRICT COURT FOR POLK COUNTY

STATE OF IOWA *ex rel.*
THOMAS J. MILLER,
ATTORNEY GENERAL OF IOWA,

Plaintiff,

v.

**HYUNDAI MOTOR COMPANY;
HYUNDAI MOTOR AMERICA;
KIA MOTORS CORPORATION, INC.;**
and,
KIA MOTORS AMERICA INC.

Defendants.

EQUITY No. EQCE080756

CONSENT JUDGMENT

PREAMBLE

Plaintiff, State of Iowa, *ex rel.* Thomas J. Miller, Iowa Attorney General, has brought this action pursuant to the provisions of Iowa Code § 714.16, the Iowa Consumer Fraud Act (“CFA”), having filed a Petition in Equity against the Defendants.

Plaintiff and Defendants by their counsel have agreed to the entry of this Consent Judgment by this Court without trial or adjudication of any issue of fact or law and without admission of any wrongdoing or admission of any of the violations of Iowa Code section § 714.16 or any other law as alleged by Plaintiff. The Plaintiff and Defendants agree to entry of this Consent Judgment to avoid the expenses associated with further investigation or litigation.

Contemporaneous with the filing of this Consent Judgment, Defendants are entering into similar agreements with the Attorneys General of the states listed in Section 4.10, hereinafter collectively referred to as “States,” and those agreements will be filed in a court of each respective state at or near the same time.

PRELIMINARY STATEMENT

WHEREAS, on November 2, 2012, Defendants announced the adjustment of the fuel economy estimates for certain model year 2011, 2012 and 2013 light-duty motor vehicles.

WHEREAS, on November 2, 2012, Defendants voluntarily initiated customer reimbursement programs for current and former owners who had purchased certain model year 2011, 2012 and 2013 vehicles that were the subject of the fuel economy estimate adjustments.

WHEREAS, on November 2, 2012, Defendants contacted the National Association of Attorneys General Auto Working Group to disclose information regarding their adjustment of certain fuel economy estimates and their respective customer reimbursement programs.

WHEREAS, a Multistate Working Group (“MSWG”) was formed to investigate Defendants’ business practices relating to the fuel economy estimate adjustments. The State of Iowa is a member of the MSWG.

WHEREAS, the MSWG has investigated Defendants’ conduct addressed herein, and has obtained sufficient information to resolve its investigation of Defendants.

WHEREAS, Defendants have fully cooperated with the MSWG’s investigation.

WHEREAS, Defendants deny the factual and legal allegations contained in the Petition (with the exception of jurisdictional facts) and maintain they have been and continue to be in compliance with Iowa Code §714.16, the Iowa Consumer Fraud Act.

WHEREAS, the Parties have reached an amicable agreement thereby resolving the issues in controversy and the MSWG has concluded its investigation by this Consent Judgment.

WHEREAS, the Court by entering this Consent Judgment finds that this Consent Judgment has been negotiated by the Parties in good faith and will avoid litigation between the Parties and that this Consent Judgment is fair, reasonable and in the public interest.

NOW THEREFORE, upon the consent of the Parties hereto, IT IS HEREBY ORDERED, ADJUDGED AND DECREED AS FOLLOWS:

I. PARTIES

1.1 Plaintiff is the State of Iowa (the “State”).

1.2 Defendants are Hyundai Motor Company, Hyundai Motor America, Kia Motors Corporation, Inc., and Kia Motors America, Inc., as defined below.

II. JURISDICTION

2.1 Pursuant to Iowa Code section §714.16, jurisdiction of this Court over the subject matter and over the Defendants for the purpose of entering into and enforcing this Consent Judgment is admitted. Defendants admit the Court's jurisdiction over them for the limited purpose of entering and enforcing this Consent Judgment pursuant to the terms set forth herein, but do not concede jurisdiction as to other matters before this Court, be they past, present or future. Jurisdiction is retained by this Court for the purpose of enabling the State of Iowa, by and through its Attorney General, or the Defendants to apply to this Court for such further orders and directions as may be necessary or appropriate for the construction and modification of the injunctive provisions herein or execution of this Consent Judgment, including enforcement of this Consent Judgment and punishment for any violation of this Consent Judgment.

2.2 If the State of Iowa, through its Attorney General, is required to file a Petition or other filing in order to enforce any provision of this Consent Judgment against any (or all) Defendants, the particular Defendant involved in such Petition or other filing shall pay all court costs and reasonable attorneys' fees associated with any successful Petition or other filing to enforce any provision of this Consent Judgment against such Defendant. The Defendants waive any defect associated with service of the State of Iowa's Petition and this Consent Judgment and do not require issuance or service of a Summons.

III. VENUE

3.1 Pursuant to the provisions of Iowa Code section §714.16(10), venue as to all matters between the Parties hereto relating to or arising out of this Consent Judgment shall lie exclusively in the Court of Polk County, Iowa, or other State Court of competent jurisdiction in the same district.

IV. DEFINITIONS

As used in this Consent Judgment, the following words or terms shall have the following meanings:

4.1 “Advertise,” “Advertisement,” or “Advertising” shall mean all marketing directed to consumers residing in the United States and shall mean any written, oral, or electronic statement, illustration, or depiction that is designed to create interest in the purchasing of, impart information about the attributes of, publicize the availability of, or promote the sale or use of goods or services, whether the statement is made directly to a consumer or appears in a brochure, newspaper, magazine, freestanding insert, marketing kit, leaflet, circular, mailer, book insert, letter, catalog, poster, chart, billboard, public-transit card, point-of-purchase display, package insert, package label, product instructions, electronic mail, website, homepage, film, slide, radio, television, cable television, program-length commercial or “infomercial,” mobile media, social media, or any other medium directed to consumers residing in the United States. For purposes of this Consent Judgment, Advertising shall not include Tier 2 or Tier 3 Advertisements, which are Advertisements, in whatever form, whose claims and representations are principally developed by and distributed to consumers residing in the United States by persons other than Defendants, and which have not been reviewed and approved by the legal departments of Hyundai Motor America or Kia Motors America, Inc., or their respective outside counsel at their direction, prior to being disseminated into the marketplace. Furthermore, Hyundai Motor America and Kia

Motors America, Inc., each for itself, represents that they have and will maintain procedures and practices requiring Advertisements to be reviewed and approved by their legal departments, or by their respective outside counsel at their direction, prior to being disseminated into the marketplace.

4.2 “Authorized Third Parties” shall mean: (1) those automotive dealers authorized to sell Motor Vehicles pursuant to valid and duly executed sales and service agreements with Hyundai Motor America and/or Kia Motors America, Inc.; (2) advertising agencies that have valid and duly executed agreements with Hyundai Motor America and/or Kia Motors America, Inc. and are authorized to create Advertisements that include fuel economy claims; or (3) those dealer associations that have valid and duly executed agreements with Hyundai Motor America and/or Kia Motors America, Inc. to offer, Advertise and/or sell Motor Vehicles manufactured by the Defendants and make fuel economy claims.

4.3 “Attorney General” shall mean the Attorney General of Iowa and the Office of the Attorney General of Iowa.

4.4 “Consent Judgment” shall mean this document entitled Consent Judgment in the matter of *State of Iowa ex rel. Thomas J. Miller, Attorney General of Iowa v. Hyundai Motor Company, Hyundai Motor America, Kia Motors Corporation, Inc. and Kia Motors America, Inc.*, Case No. EQCE080756, in the Iowa District court for Polk County.

4.5 “Covered Conduct” shall mean the advertising, promotional and marketing practices of Defendants and their affiliates, investigated by the MSWG under their respective state consumer protection laws, regarding fuel economy claims concerning certain 2011, 2012 and 2013 model year Hyundai and Kia Motor Vehicles that are listed in Exhibit A, attached hereto, and all claims that have been alleged in the Petition against Defendants.

4.6 "Defendants" shall mean Hyundai Motor Company, Hyundai Motor America, Kia Motors Corporation, Inc. and Kia Motors America, Inc., and their subsidiaries, predecessors, successors, and assigns. "Defendant," unless specifically stated otherwise, shall be used to refer to any of the four Defendants, as applicable.

4.7 "Effective Date" shall mean the date on which a copy of this Consent Judgment, duly executed by Defendants and by the signatory Attorney General, is approved by and becomes a judgment of the Court.

4.8 "Motor Vehicle" shall mean a vehicle that is self-propelled and is manufactured primarily for use on public streets, roads, or highways but does not include a vehicle operated on rail lines.

4.9 "Multistate Executive Committee" or "MSEC" shall mean a committee of the MSWG comprising the Attorneys General and their staff from Connecticut, Georgia, Illinois, Iowa, Maryland, New Jersey, Oregon, Texas and Washington.

4.10 "Multistate Working Group" or "MSWG" shall mean the Attorneys General and their staff from Alabama, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, District of Columbia, Florida, Georgia, Illinois, Indiana, Iowa, Kansas, Kentucky, Maine, Maryland, Massachusetts, Missouri, Nebraska, Nevada, New Jersey, New Mexico, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, Tennessee, Texas, Virginia, Washington and Wisconsin.

4.11 "Parties" shall mean Plaintiff and Defendants, collectively.

4.12 "Plaintiff" or "State of Iowa ex rel." or "State" shall mean the State of Iowa which is represented by its Attorney General.

V. INJUNCTION

Pursuant to the authority of Iowa Code section § 714.16, Defendants shall comply with the following:

5.1 Defendants' Advertising shall not misrepresent the estimated fuel economy of a new Motor Vehicle in violation of Iowa Code section § 714.16.

VI. PAYMENT TO THE STATES

6.1 Defendants shall pay to the MSWG a total of \$41,223,320.00, to be divided per instructions from the MSEC, and paid by Defendants directly to each signatory Attorney General of the MSWG. At its sole discretion, and on behalf of the MSWG, the MSEC shall determine how that payment will be allocated amongst the MSWG member states. Said payment shall be used by the States for such purposes that may include, attorneys' fees and other costs of investigation and litigation, or to be placed in, or applied to, the consumer protection law enforcement fund, including future consumer protection enforcement, consumer education, litigation or local consumer aid fund or revolving fund, used to defray the costs of the inquiry leading hereto, monitoring and potential enforcement of this Consent Judgment, or for other uses permitted by state law, including but not limited to consumer restitution and enforcement of state consumer protection laws relating to motor vehicles, at the sole discretion of each Signatory Attorney General. Within ten (10) days of the Effective Date, the MSEC shall provide Defendants with written payment instructions identifying by state the official payee, the particular payment amount and any other information necessary to effectuate payment of the amounts due and owing under this Section 6.1. No later than forty (40) days after the Effective Date, Defendants shall tender payment of the amounts due and owing under this Section 6.1 and in accordance with the written payment instructions provided by the MSEC, provided that the

MSEC give Defendants written payment instructions as set forth herein. Defendants shall be jointly and severally liable for the amounts due and owing under this Section 6.1.

VII. RELEASE

7.1 By execution of this Consent Judgment and following a full and complete payment to the MSWG member states of the amounts designated by Section 6.1, the State of Iowa and its Attorney General release the Defendants and all of their officers, directors, affiliates, subsidiaries, parent companies, predecessors, successors and assigns (collectively, the “Released Parties”) from the following: all civil claims, causes of action, damages, restitution, fines, costs and penalties resulting from, arising from or related to the Covered Conduct that the State of Iowa by and through its Attorney General, has asserted or could have asserted against the Released Parties pursuant to Iowa Code section § 714.16 on or before the Effective Date, (collectively, the “Released Claims”).

7.2 Notwithstanding any term of this Consent Judgment, the following do not comprise Released Claims:

- a. private rights of action;
- b. claims of environmental or tax liability;
- c. criminal liability;
- d. claims for property damage;
- e. claims alleging violations of State or federal securities laws;
- f. claims alleging violations of State or federal antitrust laws; and
- g. any obligations created under this Consent Judgment.

VIII. CONSENT TO JUDGMENT

8.1 Except as provided in Section VII (Release) above, the Consent Judgment shall not be construed or used as a waiver or limitation of any cause of action, defense, or any

affirmatively granted rights otherwise available to the Parties in any action, including, where applicable, Defendants' rights to defend themselves from or make any arguments in any claims or suits of any kind, including without limitation, individual, group or class claims or suits, relating to the subject matter or terms of this Consent Judgment.

8.2 Defendants, by and through their counsel, acknowledge that they have read this Consent Judgment, are aware of their right to a trial in this matter and have waived that right.

8.3 Defendants admit to the jurisdiction of the Court and consent to the entry of this Consent Judgment and to the rights of the State of Iowa, by and through its Attorney General, to enforce the terms and conditions of this Consent Judgment.

8.4 Defendants state that no promises of any kind or nature whatsoever (other than the written terms of this Consent Judgment) were made to them to induce them to enter into this Consent Judgment, that Defendants have entered into this Consent Judgment voluntarily, and that this Consent Judgment constitutes the entire agreement between Defendants, on the one hand, and the State of Iowa and its Attorney General, on the other hand.

IX. MONITORING FOR COMPLIANCE

9.1 For the purposes of resolving disputes with respect to compliance with this Consent Judgment, duly authorized representatives of the Office of the Attorney General of the State of Iowa shall monitor Defendants as follows:

- a. If the Attorney General believes that a Defendant has engaged in a practice that violates any provision of this Consent Judgment, the Attorney General shall notify the relevant Defendant telephonically (followed by written notification) or in writing of the Attorney General's belief that a violation has occurred, except for in limited emergency situations as set forth in Paragraph 9.4. The Attorney General's notice shall include:

- (1) the specific basis for the belief;
 - (2) the provision of the Consent Judgment that the practice appears to violate; and
 - (3) a date for the relevant Defendant to respond to the notification, provided, however, that the date for response be thirty (30) days after the date of written notification, subject to any extensions agreed to by the relevant Parties.
- b. The Attorney General shall, upon reasonable notice including, but not limited to the notice outlined in Section 9.1(a), above, be permitted reasonable access to obtain relevant, non-privileged, non-work-product records and documents in the possession, custody or control of the relevant Defendant that relate to its compliance with the issue that was the subject of the notice.
- c. The Attorney General shall, upon reasonable notice including, but not limited to the notice outlined in Section 9.1(a), above, and subject to applicable discovery rules, have reasonable access to take depositions and/or examinations under oath of the relevant Defendant's officers, directors, employees, agents and contractors with relevant knowledge, each of whom may have counsel present, relating to its compliance with the issue that was the subject of the notice and its compliance with the Consent Judgment in its entirety.

9.2 Within the time period specified in Section 9.1(a)(3), the relevant Defendant shall provide to the Attorney General a written response, executed by a duly authorized representative of the Defendant, containing either a statement explaining why it believes it is in compliance

with this Consent Judgment, or a detailed explanation of how the alleged violation occurred and a statement explaining how it intends to address the alleged breach, along with a request to meet with and present to the Attorney General if so desired. In the event the Defendant provides such timely response and request, the Attorney General shall provide the Defendant with the opportunity to meet with and present to, either in person or telephonically, a duly authorized representative of the Attorney General to discuss the alleged violation and the Defendant's response thereto. If the Attorney General's representative makes a good faith effort to schedule and attend such meeting within forty (40) days after the date of written notification to the relevant Defendant, but the meeting does not occur, the Attorney General may take any action after those forty (40) days has passed. At such meeting, the Defendant may present evidence demonstrating its compliance with all applicable laws or its efforts to address the alleged breach. The Attorney General has the sole discretion to accept or reject any evidence the Defendant may care to present. Such meeting shall be conducted at the Defendant's expense. If Defendant requests and the Attorney General's representative agrees that the meeting be held in person, the meeting shall take place at the Attorney General's primary office.

9.3 If the relevant Parties agree to extend the response deadline, pursuant to Section 9.1(a)(3), the forty (40) day timeline set forth in Section 9.2 shall also be extended the same number of days.

9.4 The Attorney General, on behalf of the State of Iowa, may assert that a Defendant has violated the Consent Judgment in a separate civil action to enforce this Consent Judgment, or seek any other relief afforded by law for such violation(s), but only after providing the relevant Defendant with the opportunities to respond to the notification described in Section 9.1(a) and to meet and confer as set forth in Section 9.2. However, such Attorney General may take any action without prior notice where the Attorney General reasonably concludes that, because of a

specific practice, a threat to the health or safety of the public requires immediate action. The Attorney General shall give notice to the relevant Defendant as required by law.

9.5 An alleged violation of this Consent Judgment by one of the Defendants cannot be the Attorney General's sole basis to subject any other Defendant to the remedies and procedures set forth in Section IX (Monitoring for Compliance).

9.6 Nothing in this Section shall be construed to limit the Attorney General's authority provided under the laws of the State of Iowa, including but not limited to Iowa Code § 714.16, the Iowa Consumer Fraud Act ("CFA").

X. NOTICES UNDER THIS CONSENT JUDGMENT

10.1 Any notices required to be sent to the State or to Defendants under this Consent Judgment shall be sent by email and overnight courier service for U.S. notice and either two or three day international courier service for Korean notice (e.g., FedEx, UPS), with courier delivery costs incurred by the State to be billed to the recipient Defendant(s). The documents shall be sent to the following addresses:

For the Attorney General of Iowa:

Jessica Whitney
Special Assistant Attorney General
Hoover State Office Building
1305 E. Walnut Street
Des Moines, IA 50319
515-281-5926

For Hyundai Motor Company:

Head of International Legal Team
Hyundai Motor Company
12 Heolleung-ro
Seocho-Gu, Seoul
Republic of Korea
JFlannery@hmausa.com
JErB@hmausa.com

For Hyundai Motor America:

Executive Vice President & General Counsel
Hyundai Motor America
10550 Talbert Avenue
Fountain Valley, CA 92708
JFlannery@hmausa.com
JErb@hmausa.com

For Kia Motors Corporation, Inc.:

Head of International Legal Team
Kia Motors Corporation
12 Heolleung-ro
Seocho-Gu, Seoul
Republic of Korea
JYoon@kiausa.com
MGoldzweig@kiausa.com

For Kia Motors America, Inc.:

Executive Vice President & General Counsel
Kia Motors America, Inc.
111 Peters Canyon Road
Irvine, CA 92606-1790
JYoon@kiausa.com
MGoldzweig@kiausa.com

Any Party may change its designated notice recipient(s) by written notice to the other Parties.

XI. GENERAL PROVISIONS

11.1 This Consent Judgment shall be binding upon the Parties and their successors and assigns. In no event shall assignment of any right, power or authority under this Consent Judgment void a duty to comply with this Consent Judgment.

11.2 Defendants shall use reasonable efforts to notify their officers, directors, employees, agents and contractors responsible for carrying out and effecting the terms of this Consent Judgment of the obligations, duties and responsibilities imposed on Defendants by this Consent Judgment.

11.3 This Consent Judgment represents the full and complete terms of the settlement entered into by the Parties hereto.

11.4 Within thirty (30) days of the Effective Date, Hyundai Motor America and Kia Motors America, Inc. shall, each for itself, provide its respective Authorized Third Parties with a copy or notice and description of this Consent Judgment.

11.5 If the Defendants discover that any third party described in Paragraph 11.4 is violating this Consent Judgment, the Defendants shall send notice to the third party requesting that it cease and desist from the violation(s). The Defendants shall conduct an investigation of a third party upon written notice by the State that the third party is violating an applicable provision of this Consent Judgment and shall advise the State of the results of the investigation.

11.6 If any portion of this Consent Judgment is held invalid by operation of law, the remaining terms of this Consent Judgment shall not be affected and shall remain in full force and effect.

11.7 Nothing in this Consent Judgment shall be construed to waive, limit or expand any claim of sovereign immunity the State may have in any action or proceeding.

11.8 Unless otherwise prohibited by law, any signatures by the Parties required for entry of this Consent Judgment may be executed in counterparts, each of which shall be deemed an original, but all of which shall together be one and the same Consent Judgment.

11.9 Any failure of the State to exercise its rights under this Consent Judgment shall not constitute a waiver of its rights hereunder.

11.10 Except as expressly provided herein, nothing contained in this Consent Judgment shall be construed to waive or limit any right of action by any person or entity.

11.11 In the event that any state or federal constitutional right, statute, regulation or conduct pertaining to the subject matter of this Consent Judgment is modified, enacted,

promulgated or interpreted by the State of Iowa, a Federal Court or Federal agency, and this Court holds that such state or federal constitutional right, statute, regulation or conduct is in conflict with any provision of this Consent Judgment so that Defendants cannot comply with both, Defendants may comply with the state or federal constitutional right, statute or regulation or may engage in such conduct. Such action shall constitute compliance with the counterpart provision of this Consent Judgment. Defendants shall provide all members of the MSEC with sufficient advance notice of any judicial or administrative proceeding in which the meaning or interpretation of any such state or federal constitutional right, statute, regulation or conduct is at issue, so as to allow any member of the MSEC or MSWG the opportunity to intervene and be heard.

11.12 Should Defendants seek a modification of this Consent Judgment for any reason other than as provided for in paragraph 11.11, prior to applying to the Court, Defendants shall send a written notification of their intent to seek modification to all members of the MSEC. The MSEC will consult with the MSWG and shall respond to Defendants' notification within forty-five (45) days of receiving such notification. Defendants may apply to the Court after the forty-five (45) day period has ended.

XII. COMPLIANCE WITH ALL LAWS

12.1 Nothing in this Consent Judgment shall be construed as relieving Defendants of their respective obligations to comply with all State and federal laws, regulations or rules or as granting permission to engage in any acts or practices prohibited by such law, regulation or rule.

XIII. REPRESENTATIONS AND WARRANTIES

13.1 Hyundai Motor America warrants and represents that it advertises Hyundai Motor Vehicles in the United States.

13.2 Kia Motors America, Inc. warrants and represents that it advertises Kia Motor Vehicles in the United States.

13.3 Defendants acknowledge that they are proper parties to this Consent Judgment and that Hyundai Motor Company, Hyundai Motor America, Kia Motors Corporation, Inc. and Kia Motors America, Inc., are the true legal names of the Defendant entities.

13.4 Each of the non-Court signatories to this Consent Judgment warrants and represents that he or she has authority to agree to this Consent Judgment on behalf of one of the Parties.

13.5 Each of the Parties warrants and represents that it negotiated the terms of this Consent Judgment in good faith.

13.6 Defendants warrant and represent that their responses to the requests for documents they received from the MSWG as of the Effective Date of this Consent Judgment were prepared pursuant to good-faith searches for documents and information responsive to those portions of the requests that were adequately designated and not otherwise subject to a good-faith objection or to a good-faith claim of privilege or work-product immunity.

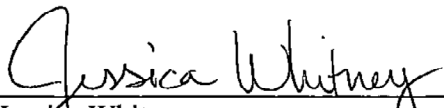
13.7 Defendants acknowledge and agree that the MSWG members have relied on all of the representations and warranties set forth in this Consent Judgment and that if any representation is proved false, unfair, deceptive, misleading or inaccurate in any material respect, the MSWG members, by and through their respective Attorneys General, shall have the right to seek any relief or remedy afforded by law or equity in their respective states.

XIV. PAYMENT OF FILING FEES

14.1 All filing fees associated with commencing this action and obtaining the Court's approval and entry of this Consent Judgment shall be borne by Defendants.


SO ORDERED.

JOINTLY APPROVED AND SUBMITTED FOR ENTRY:


Jessica Whitney
Special Assistant Attorney General


Dated: 10-27-16

on behalf of the State of Iowa


Jeong G. Seo
Vice President
Hyundai Motor Company

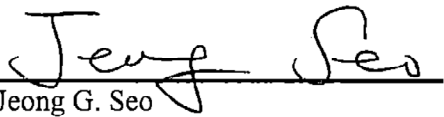
Dated: 10-24-16

on behalf of Hyundai Motor Company


W. Gerald Flannery, Jr.
Executive Vice President & General Counsel
Hyundai Motor America

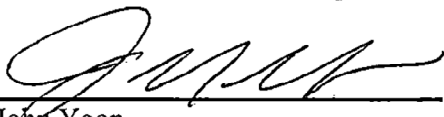
Dated: 10-24-16

on behalf of Hyundai Motor America


Jeong G. Seo
Vice President
Kia Motors Corporation, Inc.

Dated: 10-24-16

on behalf of Kia Motors Corporation, Inc.


John Yoon
Executive Vice President & General Counsel
Kia Motors America, Inc.

Dated: 10-24-16

on behalf of Kia Motors America, Inc.



State of Iowa Courts

Type: ORDER FOR CONSENT DECREE

Case Number **Case Title**
EQCE080756 STATE OF IOWA V HYUNDAI MOTOR COMPANY ET AL

So Ordered

A handwritten signature in black ink, appearing to read "David May", is written over a horizontal line.

David May, District Court Judge,
Fifth Judicial District of Iowa